House REPUBLICAN Conference

Legislative Digest

Week of March 15, 1999 | Vol. XXVIII, #7, March 12, 1999

J.C. Watts, Jr.
Chairman
4th District, Oklahoma

Monday, March 15

House Meets at 2:00 p.m. for Pro Forma Session

Tuesday, March 16

House Meets at 9:30 a.m. for Morning Hour and 11:00 a.m. for Legislative Business
(No Votes Before Noon)

**** Four Suspensions**

Wednesday and Thursday, March 17-18

Wednesday, House Meets at 10:00 a.m. for Legislative Business
Thursday, House Meets for Legislative Business following National Security Briefing with Former Secretary of Defense Rumsfeld

Friday, March 19

No Votes Expected

⇨To be published in a future issue of the *Legislative Digest*

Brian Fortune: *Managing Editor*

Kevin Smith: *Senior Legislative Analyst*

Scott Galupo, Brendan Shields:
Legislative Analysts

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Women's Business Center Amendments Act

H.R. 774

Committee on Small Business
H.Rept. 106-47
Introduced by Ms. Velazquez on February 23, 1999

Floor Situation:

The House is scheduled to consider H.R. 774 under suspension of the rules on Tuesday, March 16, 1999. It is debatable for 40 minutes, may not be amended, and requires a two-thirds majority vote for passage.

Summary:

H.R. 774 amends the Small Business Act to increase the authorization for the Women's Business Center (WBC) program from $8 million to $11 million each year for FYs 2000-2004. The bill also changes the program's matching fund requirement to increase the federal share of matching funds for WBC programs. Under current law, a business center must match each dollar of federal funds with two dollars of private funds in the fifth year that the center receives federal support. The bill reduces the fifth-year requirement to one dollar of private funds for every dollar of federal funds. The Small Business Administration has created a network of more than 60 WBCs in 36 states, as well as the District of Columbia and Puerto Rico. WBCs train and give advice to women on how to launch their own businesses. In addition, the WBC program offers financial management, marketing, and technical assistance to current women business owners. The measure is considered non-controversial.

Costs/Committee Action:

Assuming appropriation of authorized amounts, CBO estimates that enactment of H.R. 774 will result in additional outlays of $2 million in FY 1999 and $3 million in FY 2000-2004. The bill does not affect direct spending, so pay-as-you-go procedures do not apply.

The Small Business Committee reported the bill by voice vote on February 25, 1999.

Scott Galupo, 226-2305

District of Columbia Court Employees Whistleblower Protection Act

H.R. 858

Committee on Government Reform & Oversight
No Report Filed
Introduced by Mr. Davis on February 25, 1999

Floor Situation:

The House is scheduled to consider H.R. 858 on Tuesday, March 16, 1999, under suspension of the rules. It is debatable for 40 minutes, may not be amended, and requires a two-thirds majority for passage.

Summary:

H.R. 858 allows court employees to sue in Superior Court or in the U.S. District Court for any claims for retaliation for reporting waste, fraud, abuse, or mismanagement. This measure responds to findings in a GAO study requested by Congress last year to examine the financial and budgetary operations of D.C. courts. In 1998 the court fell far behind in its accounts-payable and also implemented a pay raise without congressional approval. In the course of the study, reports surfaced that court personnel have been reluctant to discuss their views on the financial and personnel management of the courts because they fear retaliation. Existing whistleblower protection laws do not cover D.C. court employees. The District's Merit Personnel Act covers all other city employees with protection from retaliation.

Costs/Committee Action:

CBO states that H.R. 858 will not affect federal spending.

The Government Reform Committee reported H.R. 858 by voice vote on March 10, 1999.

Brendan Shields, 226-0378

Federal Reserve Board Retirement Portability Act

H.R. 807

Committee on Government Reform & Oversight
No Report Filed
Introduced by Mr. Scarborough on February 23, 1999

Floor Situation:

The House is scheduled to consider H.R. 807 under suspension of the rules on Tuesday, March 16, 1999. It is debatable for 40 minutes, may not be amended, and requires a two-thirds majority for passage.

Summary:

H.R. 807 permits employees of the Board of Governors of the Federal Reserve Board (FRB) hired after December 31, 1983, to receive credit under the Federal Employees Retirement System (FERS) for their post 1988-FRB employment if they choose to transfer to other federal agencies. Current law denies transfering credit for Board service after 1988, causing employees to receive a smaller annuity when they retire than if they were employees of other federal agencies. In addition, the bill allows federal employees who have transferred, or plan to transfer, to move funds in their Thrift Savings Plan (TSP) accounts to the FRB's Thrift plan. Finally, the bill grants veterans hired under the Veterans Employment Opportunities Act (*P.L. 105-339)* the same civil service protections and job opportunities as their co-workers. The 1998 law allows veterans to compete for federal job vacancies previously restricted to current employees.

Costs/Committee Action:

An official CBO statement was unavailable at press time.

The Government Reform Committee reported H.R. 807 by voice vote on March 10, 1999.

Brendan Shields, 226-0378

Expressing Congressional Opposition to the Unilateral Declaration of a Palestinian State

H.Con.Res. 24

Committee on International Relations
No Report Filed
Introduced by Mr. Salmon on February 4, 1999

Floor Situation:

The House is scheduled to consider H.Con.Res. 24 under suspension of the rules on Tuesday, March 16, 1999. It is debatable for 40 minutes, may not be amended, and requires a two-thirds majority vote for passage.

Summary:

H.Con.Res. 24 expresses the sense of Congress that (1) the final status of the territory controlled by the Palestinian Authority should be determined only through negotiations between Israel and the Palestinian Authority; (2) any attempt to establish a Palestinian state outside the negotiating process will invoke strong congressional opposition; and (3) the president should unequivocally assert U.S. opposition to the unilateral declaration of a Palestinian state, making clear that such a declaration would be a grievous violation of the Oslo accords and would not be recognized by the U.S.

Background:

During the 1993 negotiations between Israel and the Palestinian Authority in Oslo, Norway, Chairman Yasir Arafat stated that "all outstanding issues relating to permanent status [of a Palestinian state] will be resolved through negotiations." However, Arafat has several times announced, publicly, his intention to unilaterally declare an independent Palestinian state on May 4, 1999—the deadline, set five years ago, for Israel and Palestine to have negotiated a permanent peace accord. A unilateral declaration directly violates the Oslo accords, which state that any such declaration must be the result of bilateral negotiation.

Israeli Prime Minister Benjamin Netanyahu has flatly opposed such a declaration. In September 1998, Netanyahu stated that a unilateral declaration would trigger an Israeli response. Although he did not spell out what form such a response would take, many Middle East observers believe that Netanyahu would annex parts of the West Bank and seal off and isolate areas under Palestinian control. The Clinton Administration has, of late, declared its opposition to Arafat's unilaterally declaring a Palestinian state. However, last May, First Lady Hillary Rodham Clinton—perhaps musing aloud, perhaps not—averred that a Palestinian state is "in the long-term interest of the Middle East." Furthermore, President Clinton visited Gaza in December 1998, a gesture widely seen as lending credibility to Arafat's regime. Critics of the administration have charged that such gestures have facilitated, even precipitated, Arafat's brazenness.

Netanyahu is up for reelection on May 17. Arafat thus has a delicate political calculation to make: declare statehood and possibly assure Netanyahu's reelection or wait until after Israel's election cycle is over. Some observers of the region believe that Arafat is too close to the brink of a declaration to turn back. Others, however, note Arafat's recent hedging on the subject and contend that a unilateral declaration is not preordained.

Israel and the Palestinian Authority are in the "interim phase" of peace negotiations. Former Israeli Prime Ministers Peres and Rabin agreed to make three "redeployments"—30 percent each—of the territory occupied by Israel before "final status" talks began. Netanyahu, not wanting East Jerusalem as his only remaining bargaining chip, offered only the first redeployment. Eventually, after the 1998 Wye River accords, Netanyahu agreed to give up 13 percent of the West Bank to the Palestinian Authority, which was formally recognized as Israel's fulfillment of two redeployments. With the 27 percent of territory given to Arafat under the Oslo agreement, the Palestinian Authority may eventually have a total of 40 percent of the land. Having prompted a global guffaw when he first announced independence in 1988, Arafat now could obtain a parcel of land that could reasonably constitute a state.

In response to Arafat's threat of a unilateral declaration, Netanyahu in December 1998 froze the implementation of the Wye River accords, relinquishing control of only two percent of the land. In addition, Israel has released only 250 of the 750 criminals it had agreed to release. On March 12, Defense Secretary William Cohen told Israeli leaders to implement the accords or face a hold-up of $1.2 billion in U.S. aid.

For his refusal to readily give up territory, Netanyahu faces a perennial chorus of worldwide disapproval. However, Netanyahu is being asked to give up land for Arafat's promises that he will crack down on militant terrorism. Netanyahu is not comforted by such assurances, given the fact that more terrorist attacks have been visited upon Israel since the beginning of the peace process under Prime Minister Peres to the present than in the previous years combined.

Committee Action:

The resolution was not considered by a House committee. The Senate passed an identical resolution on March 11, 1999, by a vote of 98-1.

Scott Galupo, 226-2305

Federal Maritime Commission Authorization Act

H.R. 819

Committee on Transportation & Infrastructure
H.Rept. 106-42
Introduced by Messrs. Shuster, Oberstar, Gilchrest, and DeFazio on February 24, 1999

Floor Situation:

The House is scheduled to consider H.R. 819 on Tuesday, March 16, 1999. Last Wednesday, the Rules Committee granted an open rule that provides one hour of general debate, equally divided between the chairman and ranking minority member of the Transportation Committee. The rule accords priority in recognition to members who have their amendments pre-printed in the *Congressional Record* and waives the requirement that the committee report be available three days prior to floor consideration. The chairman of the Committee of the Whole may postpone votes and reduce the voting time on a postponed vote to five minutes, so long as it follows a regular 15-minute vote. Finally, the rule provides one motion to recommit, with or without instructions.

Summary:

H.R. 819 authorizes $15.7 million in FY 2000 and $16.3 million in FY 2001 for Federal Maritime Commission (FMC) activities and programs. The FY 2000 level is $1.5 million more than the FY 1999 amount, mainly due to (1) required annual cost-of-living-adjustments for FMC employees; (2) increased rent costs; (3) funding to support Y2K computer modernization efforts; and (4) additional money to fund the office of the new Federal Maritime Commissioner when he is confirmed by the Senate.

In 1961, Congress established the Federal Maritime Commission (FMC) as an independent agency responsible for enforcing international shipping rules and regulations involving carriers (container ship operators), shippers (companies owning goods to be transported) and transportation facilitators such as freight forwarders, nonvessel operating common carriers, and customs brokers. The commission is composed of five members who are appointed by the president with the consent of the Senate. Specifically, the FMC (1) protects U.S. shippers and carriers from the restrictive rules and regulations of foreign governments; (2) investigates discriminatory practices of ocean common carriers, terminal operators, and freight forwarders; (3) monitors agreements among ocean common carriers or marine terminal operators to ensure that they do not violate federal law; (4) reviews and maintains electronic tariff filings; and (5) licenses U.S.-based international ocean freight forwarders.

Costs/Committee Action:

Assuming appropriation of authorized amounts, CBO estimates that enactment of H.R. 819 will result in additional discretionary spending of approximately $32 million over the FY 2000-2001 period. The bill does not affect direct spending, so pay-as-you-go procedures do not apply.

The Transportation Committee reported H.R. 819 by voice vote on March 2, 1999.

Kevin Smith, 226-6782

Reducing Steel Imports and Establishing a Steel Import Notification and Monitoring Program
H.R. 975

Committee on Ways & Means
H.Rept. 106-___
Introduced by Mr. Visclosky *et al.* on March 4, 1999

Floor Situation:

The House is scheduled to consider H.R. 975 on Wednesday, March 17, 1999. The Rules Committee is scheduled to meet on the bill at 1:00 p.m. on Tuesday, March 16. Additional information on the rule and potential amendments will be provided to all Republican offices in a *FloorPrep* prior to floor consideration.

Summary:

H.R. 975 directs the administration—within 60 days of enactment—to limit steel imports into the United States from a foreign nation to its average monthly volume for the three-year period ending July 1997 (e.g., if Japan imported a monthly average of 100 tons between June 1994 and July 1997, it would be restricted to that amount under the bill). The administration may impose quotas, tariff surcharges, or negotiate enforceable voluntary export restraint agreements to ensure that this requirement is met.

The measure establishes a steel import monitoring and permits system to allow both government and industry to receive and analyze steel import data (i.e., on a "real time" basis) in a timelier manner. Specifically, the bill requires steel importers to obtain import permits before exporting steel products from foreign countries. The Commerce Department must publish weekly reports on steel imports with the information (i.e., country of origin, destination, quantity and description of goods) obtained from license applications. This monitoring system is expected to serve as an early warning system of any future steel import surges. The provisions of the bill expire after three years.

The bill is controversial. Supporters of the measure argue that Congress must act to respond to foreign competitors who have been illegally "dumping" steel in America unencumbered by any forceful response from the Clinton Administration. However, opponents contend that U.S. efforts to stem this crisis are working and that the measure threatens jobs across sectors of the U.S. economy and undermines our ability to open new markets to U.S. goods and services.

Background:

American steel is a $70 billion industry that employs about 160,000 Americans and ships nearly 80 million tons of steel a year. It is the most basic and widely used material in industry today. In the 1970s and 1980s, the U.S. steel industry became bloated and inefficient. Consequently, the industry increasingly lost market share to less expensive foreign steel imports (which accounted for 26 percent of the U.S. market in 1984) and was forced to undergo a painful process to modernize and restructure the industry. During this time, the steel industry invested $50 billion to modernize mills and supplement worker training. By 1987, the industry had closed 462 facilities, shed 273,000 jobs, and decreased capacity by 42 million tons. The productivity of the average steelworker rose four percent every year, reducing the hours of labor it took to make one ton of steel from 9.3 hours of labor in 1980 to just two hours in 1999. Today's U.S. steel industry is the most productive, environmentally sound, and competitive in the world. It takes fewer hours of labor for steel workers in the United States to make a better quality of steel, and with less pollution, than in any other country. Despite this efficiency, in 1998 foreign imports shattered previous records by grabbing 35 percent of the U.S. market share.

Steel Import Surges

Steel imports have become a major focus of concern for steel companies and their workforce since July 1997, when the financial crisis arose in Asia and later spread to Russia and Brazil. Although imports of steel mill products were significantly higher in the early 1990s than in most previous years and decades, they have surged dramatically in the past two years. In 1998, more than 41 million tons of foreign steel was imported into the United States, 33 percent more than the previous record. The fourth quarter of 1998 showed that imports were up 141 percent from Japan, 162 percent from Russia, 102 percent from Korea, and 65 percent from Brazil. The Labor Department estimates that 10,000 steel industry jobs have been lost in the past two years.

Some lawmakers attribute the surge in imports since mid-1997 to unfair trade practices by foreign competitors such as dumping and government subsidies. Others insist that the Asian financial crisis itself created the conditions for the surge in steel imports. With the decline in the value of their currencies, the countries of East Asia, Russia, and Brazil were in a position to charge lower dollar prices for their products. Thus, imports from these countries increased to historic levels—whether fairly or unfairly traded.

Remedies for Dumping, Subsidy, and Section 201 Cases

Dumping. The practice of "dumping," or importing steel that costs less than its price in the home market or less than its cost to produce, has been illegal in the U.S. since the Antidumping Acts of 1916 and 1921. If a dumping action is found to cause material injury to a domestic industry, then the importer may be required to pay a penalty to eliminate the difference between the import price in the U.S. and the home market price. To pursue such an action, an interested party (e.g., the Commerce Department, a manufacturer, wholesaler, or labor union) must file a petition with the U.S. International Trade Commission (ITC) and the Commerce Department charging that a foreign seller is engaged in such practices.

The Commerce Department must determine both preliminary and final dumping margins (i.e., the difference between the import price and the fair market value). The ITC determines initially the probability of material injury, and then investigates and determines whether the domestic industry has been or is likely to be injured in a material way. Once the preliminary dumping margins have been determined, the Commerce Department can immediately require importers to pay in cash, or post bond for the amount of the dumping margin while the ITC investigation (as well as the determination of the final dumping margin) is proceeding. If the ITC determines that there is no material injury, any payments of preliminary dumping margins are refunded. Dumping cases offer the petitioners the advantage of imposing the penalties even for a relatively short time, even if the ITC investigation finds no injury.

In September 1998—in response to increases in steel imports—12 U.S. steel companies and the United

Steelworkers of America filed antidumping cases with the ITC and the Commerce Department against imports of hot-rolled steel from Japan, Brazil, and Russia. In November 1998, the ITC found sufficient evidence to proceed with a full investigation of the dumping charges. This finding set in motion the determination by the Commerce Department of preliminary dumping margins. On February 12, 1999, the department announced preliminary dumping margins ranging from 25 percent to 68 percent for Japan and from 51 percent to 71 percent for Brazil. No dumping margins were announced for Russia, because the United States and Russia negotiated a tentative suspension agreement (i.e., such an agreement suspends the antidumping investigation, pending final approval of the agreement) whereby the two countries agreed to reduce Russian steel imports by almost 70 percent.

Subsidy Cases. Subsidy cases are processed in a similar manner as dumping cases. If foreign firms' subsidies from their government are found to cause injury to the domestic industry, a tariff surcharge (referred to as a countervailing duty) may be assessed to eliminate the effect of the subsidies. In the current steel import situation, only one subsidy case has been filed. The case was brought against hot-rolled, flat-rolled carbon steel products from Brazil. On February 12, 1999, at the same time as the announcement of the dumping margins, the department announced preliminary subsidy margins on the Brazilian imports ranging from 6.6 percent to 9.5 percent.

Section 201 Cases. Section 201 of the 1974 Trade Act (*P.L. 93-618*) provides a mechanism for dealing with a surge in imports of a product that may be a substantial cause of serious injury to a domestic industry. In a Section 201 case, the injury standard is higher than that for dumping or subsidy cases, and must have considerable potential to do significant harm to the industry. In determining injury in these cases, it is irrelevant whether the imports are fairly or unfairly traded; what is relevant is the cumulative increase in the imports and import market share in general. If the ITC determines that the charges are proven, it may recommend that the president impose quotas, tariff surcharges, or a combination of both. The president must accept, reject, or modify the ITC's recommendations within 90 days. No penalties may be assessed before the conclusion of the investigation and the subsequent decision of the president.

Only one Section 201 case has been filed to date in the current steel situation. On December 30, 1998, another segment of the U.S. steel industry filed a petition with respect to imports of steel wire rod, alleging that imports of the product are a cause of substantial injury to the U.S. industry. An injury determination by the ITC on that petition is due sometime in May.

Clinton Administration Plan

On January 7, 1999, the Clinton Administration released a report on the state of the steel industry and administration efforts to respond to the surge in steel imports (as mandated under the FY 1999 Omnibus Appropriations Act). The report outlines steel import trends, their economic impact, and the administration's response. The action plan includes:

* vigorous and expeditious law enforcement to counter trade practices;
* bilateral efforts to address unfair trade practices at their sources;
* support for a strong safeguards law and expeditious Section 201 investigations;
* creating an early warning system for steel import monitoring;
* providing about $292 million in tax relief over five years to the steel industry; and
* providing adjustment assistance for steelworkers and their communities.

The report received a cool reception from lawmakers who believe that prompt legislative action is necessary to protect the U.S. steel industry and stem the loss of American jobs. However, the administration contends that enforcement of U.S. trade laws is working.

Arguments For and Against the Bill:

Arguments for H.R. 975

American steel is in a state of crisis and has been for two years. Where was the Clinton Administration when we needed to stem this crisis—one that has cost the U.S. 10,000 steel jobs already? These jobs are being threatened by illegal foreign imports as our trade competitors unload the consequences of their failed economic policies on American companies and workers. Simply doing nothing will only continue the systematic destruction of the steel industry in this country—and an American way of life.

The choice we face is not between free markets and the policies of protectionism. The question is whether we will take appropriate measures to prevent the victimization of our economy by predatory exporters determined to pursue a mercantilistic economic policy at the expense of our workers. Unfortunately, nations often attempt to benefit—at the expense of their legitimate trading competitors—from unfair and often disguised subsidies. In these instances, the federal government must act to ensure a level playing field where competition can survive and flourish. Now is such a time for government action.

In January, the Clinton Administration announced what it called a "Comprehensive Plan for Responding to the Increase in Steel Imports." This plan, however, is neither comprehensive nor terribly responsive. In fact, the plan is primarily a recitation of actions previously taken by the administration. In return for lost jobs, the administration offers trade adjustment assistance for displaced steelworkers. What good will this do? We need to fight to *save steelworkers' jobs in the first place* rather than catering to foreign nations' unfair trading practices. The administration offers tax breaks for the steel companies, but this won't put food on the table of displaced steelworkers or bring the steel companies back to operating capacity so the workers can get their jobs back. The only answer is to stop the flood of illegally dumped foreign steel.

The report also states that: "Free and fair rules-based trade is essential for both global economic recovery and for U.S. prosperity." But certainly no one can argue that we have seen "fair rules-based trade" since July 1997, when the Asian financial crisis took hold and the Russian economic crisis flared up. This is confirmed by the overall steel import figures and by recent preliminary decisions in dumping cases that have found substantial dumping margins. The fact that steel imports are down in January is little consolation to the families struggling with the loss of family-wage jobs and the devastation readily apparent in many steel communities.

The time has come for us to cease our unholy genuflections before the altar of free trade. We must no longer support "free" trade policies that give other countries a free ride. Instead of selling out American workers, let us act now to uphold our values and save this industry. The principles behind our great democracy demand nothing less.

Is it any wonder that our communities are pleading with Congress to stop this tragedy and prevent the theft of our jobs by illegal imports? Vote to support this bill so that we can get on the right track—pursuing fair trade policies that protect our workers, our values, and our heritage.

Arguments against H.R. 975

Free trade is vitally important to the health of the U.S. economy. By lowering tariffs and opening markets abroad, we have been able to keep inflation in check and create thousands of new jobs. Free trade is an inexorable trend, and we are in a position to lead and define this trend. Do not be swayed by the smoke and mirrors of protectionists, for their opposition is rooted in fear. Free and fair trade represents enormous opportunities for the American people. We should not deny them this opportunity.

In the specific case of steel, it is clear that enforcement of U.S. trade laws *is working*. Hot-rolled steel imports from Japan, Russia, and Brazil, which are now subject to high preliminary antidumping margins, have virtually stopped according to preliminary January 1999 import statistics. Hot-rolled imports from all countries, even those not subject to investigation have dropped 70 percent since November. This shows that vigorous enforcement of trade laws is halting the practice of steel dumping in the United States. As such, *this legislation is unnecessary.*

The dangers of drifting toward protectionist policies are very real. If the U.S. establishes trade barriers amidst a fragile world economy, our actions may affect thousands more American jobs and threaten our economy. For example, this bill threatens the competitiveness of U.S. downstream steel users who manufacture products like defense equipment, cars, and airplanes, industries that employ 40 times as many U.S. workers as the integrated steel mills.

Moreover, H.R. 975 goes well beyond our safeguard and antidumping laws to impose quantitative restrictions on the level of steel imports coming to the United States from *all* countries, even fairly traded imports. The quotas in the measure threaten continued U.S. economic growth and invite retaliation against U.S. exports. Indeed, Federal Reserve Chairman Allen Greenspan echoed this sentiment when he said:

> "I think we have to be very careful about imposing quotas or other types of things that will create retaliation and undercut our whole trading system. We have to be very careful in addressing the problems of these industries not to undermine the capacity of the broad system to function."

Enactment of this ill-tempered measure will likely trigger a challenge by our trading partners against the United States in the World Trade Organization (WTO). At the same time, this legislation sets a bad example for our trading partners, many of whom are recovering from the global financial crisis and have themselves resisted closing their markets to imports in times of trouble. Moreover, as the United States prepares to host the WTO later this year to begin negotiations on agriculture and services, H.R. 975 gives our trading partners an excuse to discontinue liberalizing sectors of their economy critical to U.S. interests.

Vote to oppose this misguided legislation, which threatens jobs across sectors of the U.S. economy, violates our international obligations, and undermines our ability to open new markets to U.S. goods and services.

Costs/Committee Action:

A CBO cost estimate was unavailable at press time.

The Ways & Means Committee ordered the bill reported unfavorably (*i.e*., disapproved, but still moved to the House floor) by voice vote on March 10, 1999.

Other Information:

"The Steel Import Surge: Causes and Proposed Remedies," *CRS Report RL30073*, February 24, 1999; "Steel Industry and Labor Lobby Together for Import Curbs," by Russ Freyman, *CQ Daily Monitor*, March 1, 1999, pp. 9; "A Comprehensive Plan for Responding to the Increase in Steel Imports," submitted by the Clinton Administration, January 8, 1999.

Kevin Smith, 226-7862

Coast Guard Reauthorization Act

H.R. 820

Committee on Transportation & Infrastructure
H.Rept. 106-51
Introduced by Mr. Shuster *et al.* on February 24, 1999

Floor Situation:

The House is scheduled to consider H.R. 820 on Wednesday, March 17, 1999. The Rules Committee is scheduled to meet on the bill at 1:00 p.m. on Tuesday, March 16. Additional information on the rule and potential amendments will be provided to all Republican offices in a *FloorPrep* prior to floor consideration.

Summary:

H.R. 820 authorizes $4.6 billion in FY 2000 and $4.8 billion in FY 2001 for United States Coast Guard (USCG) activities and programs. The FY 2000 level includes the amount requested by the president, with an additional $380 million for USCG drug interdiction activities (consistent with enactment of the 1998 Western Hemisphere Drug Elimination Act, which increased funding for USCG drug interdiction programs). Specifically, the bill authorizes:

* $3.1 billion in FY 2000 and $3.2 billion in FY 2001 for operating expenses, maintenance of vessels, aircraft, and shore units, and military and civilian salaries;

* $691 million in FY 2000 and $792 million in FY 2001 for acquisition, construction, and improvement of shore and offshore facilities, vessels, and related equipment;

* $21.7 million in FY 2000 and $23 million in FY 2001 for research and development in search and rescue, marine safety, ice operations, aids to navigation, enforcement of laws and treaties, environmental protection, oceanography, and defense readiness;

* $730 million in FY 2000 and $785 million in FY 2001 for retirement pay, including payments under the Survivor Benefits Plan;

* $11 million in both FY 2000 and FY 2001 to alter or remove bridges that obstruct navigation; and

* $19.5 million in FY 2000 and $21 million in FY 2001 for environmental compliance and restoration.

Finally, the measure includes a number of other provisions to (1) authorize an end-of-the-year strength level of 40,000 personnel for FY 2000 and 44,000 for FY 2001; (2) require foreign vessels to notify the Coast Guard 24 hours before they expect to enter U.S. waters (U.S. waters begin 12 miles from the coast; current law requires only a 24-hour notification before entering U.S. ports); (3) clarify that the Coast

Guard may direct foreign vessels in U.S. waters during dangerous situations; (4) authorize $99,000 to reimburse the owner of the former Coast Guard lighthouse facility at Cape May, New Jersey, for costs incurred for the cleanup of lead contaminated soil at the facility; and (5) require the Coast Guard to maintain search and rescue air facilities at Muskegon, Michigan, and in the area of Chicago, Illinois, until September 30, 2001.

Background:

The United States Coast Guard (USCG) was established in 1915 to take over the duties of five agencies: the Lighthouse Service, the Revenue Cutter Service, the Steamboat Inspection Service, the Life-Saving Service, and the Bureau of Navigation. The Coast Guard remained part of the Department of the Treasury until 1967, when it was transferred to the Department of Transportation. Its primary duties are to (1) promote the safety of life and property at sea; (2) enforce all applicable federal laws on the high sea; (3) maintain navigation aids; (4) protect the marine environment; and (5) secure the safety and security of vessels, ports, waterways, and their related facilities. In addition, the Coast Guard operates as a specialized service for the Navy upon the direction of the president or a declaration of war. Recently, the USCG has taken on new assignments in drug and refugee interdiction.

Costs/Committee Action:

Assuming appropriation of authorized amounts, CBO estimates that the Coast Guard will spend $305 million more in FY 2000 than the FY 1999 appropriation.

The Transportation Committee reported H.R. 820 by voice vote on March 11, 1999.

Kevin Smith, 226-6782